

## INTERNATIONAL TRADE

Mr. DORGAN. Mr. President, let me talk just for a moment about international trade because there has been a trade conference in Doha, Qatar. I expect the people who run the WTO chose that place largely because they did not want to have a trade conference where there were a lot of hotel rooms. Experiences in trade conferences in recent years have not been good. Thousands and thousands of people from around the world have come to demonstrate and express concerns about one thing or another. So they decided to have a ministerial conference in Doha. My understanding is there are so few hotel rooms in Doha that they had to bring in cruise ships in order to provide lodging for visitors to Doha.

Because of other business this week, I didn't pay a lot of attention to what they did at Doha.

I do know that all these trade folks converged and they had a long visit. I watched part of a similar visit in Montreal some years ago. I watched part of the visit they had in Seattle. So I know they all get together. They have the same backgrounds, and they talk the same language. They actually have shorthand for all the trade lingo that they develop. Apparently now, from the experience of recent days in Doha, they have decided they have reached some agreements on a new round, and so forth.

So I want to point out just a couple of concerns I have about where we are with international trade.

I have a chart that shows a series of balloons that represent the very serious trade problem confronting us in this country. It is a trade deficit that is ballooning, year after year after year. It is the largest trade deficit in human history.

We spend a lot of time worrying about the fiscal policy budget deficit that about 9 years ago was almost \$300 billion a year. There was hand wringing and teeth gnashing and people wiping their brow, and they would come to the floor of the Senate, saying they wanted to change the Constitution, they wanted to do this and that. Why? Because we had this growing budget deficit, this tumor that was growing in the fiscal policy of this country. It was going to hurt this country.

It is interesting that there is a deafening silence in this country about the trade deficit. It, too, is growing, much more rapidly, in many ways, than the fiscal policy deficit did. It is much higher at this point than our budget deficit was at its height. One can make the case, as an economist, that the budget deficit is something we owe to ourselves. This deficit we owe to others. This deficit will ultimately be repaid by a lower standard of living in the United States.

My point is, this deficit is growing and growing and growing. After round after round of trade negotiations, we are in worse and worse shape. The question is, why?

It is interesting, if you ask economists, they all give you different answers: It is because the dollar is too strong; the dollar is too weak; it is because our budget deficit is too high, not high enough; productivity isn't high enough. It depends on the economist that you ask.

Having both studied and taught economics in college, I understand that the field of economics is certainly not a science. I consider it psychology pumped up with just a little bit of helium. All you have to do is ask, and you get an answer. It does not mean it is an informed answer. There are 100 different answers as to why our deficit is out of control. Ask any economist. They don't have the foggiest idea. We had a \$449 billion merchandise trade deficit last year in this country.

Now let me describe some of the details of trade. It is interesting that everybody talking about trade, especially those at the ministerial conferences, want to talk about the big picture: global trade. They never want to the talk about specifics. So here is a specific.

We trade with Korea, which is a good friend of ours. This chart shows that last year Korea sent 570,000 automobiles to the United States to be sold in the United States. Do you know how many automobiles the United States sent to be sold in Korea? Was it 570,000? No, not quite. The answer: 1,700. So 570,000 cars coming our way and then we were able to export 1,700 cars to Korea. Get a Ford Mustang convertible here in the United States, send it to Korea, and it costs twice as much for a Korean consumer. Why? Because Korea does not want our cars. They do not want our cars coming in and competing. They have all kinds of mechanisms and devices to discourage our ability to move a car to Korea. The result is, 570,000 Korean cars in the United States; 1,700 United States cars to Korea. Fair trade? I don't think so.

Is that something we ought to correct? In my judgment, it is because these numbers translate to jobs. A working family, a man or a woman getting a job on an assembly line in a manufacturing plant, a job that pays well, a job with security, a job with benefits, these are good jobs. This means we export these jobs to other countries that produce products and send them to us and then keep their market closed to our products, which means fewer manufacturing jobs in the United States.

I have another chart I did not bring to the Chamber. It shows T-bone steaks in Tokyo. Do you know that 12 years after the last beef agreement we reached with Japan, the conclusion of which resulted in feasting and rejoicing by everyone engaged in the trade negotiations—you would have thought they just won the gold medal in the Olympics. The headlines trumpeted the beef agreement with Japan. What a wonderful agreement. Twelve years later, by the way, every pound of American beef

sent to Japan has a 38.5-percent tariff attached to it—every single pound. Is that fair trade with Japan? No. Fair trade would be more T-bone steaks to Tokyo, in my judgment. But we have a 38.5-percent tariff on every single pound.

Going back to Korea: What about potato flakes to Korea? Up in my part of the country, in the Red River Valley, where the Presiding Officer also represents some potato growers, those potatoes are cut into flakes. Those potato flakes are sent around the world, and they are put into chips in fast food. Potato flakes are used for fast food. Well, that is probably a pejorative. I shouldn't say "fast food." I should say "snacks." Potato flakes are used for snacks.

If you raise a potato in the Red River Valley and then turn it into potato flakes and send it to Korea, guess what happens to it? Korea slaps a 300-percent tariff on potato flakes.

Are potato flakes going to threaten the Korean food market? I do not think so. Is it fair to an American potato farmer to confront a 300-percent tariff? Where I live, it is not fair.

I could spend a lot of time talking about these things.

China: We have a huge trade deficit with China. We also have a huge trade deficit with Japan. We have a big deficit with Europe. We have a huge deficit with Canada and Mexico. But China, we sent 12 American movies into China in the last year. Why? That is all China would let into their country, 12 movies. Fair trade? I don't think so.

Or how about this? In the last trade agreement we negotiated with China, we sent our negotiators to China. Now, presumably, these are the best negotiators we have. We sent them to China. I do not know how we sent them there, probably not on a slow boat, as the saying goes; probably in an airplane.

They got to China and negotiated a bilateral agreement with China, which was the precursor to allowing China to join the WTO. They brought back the bilateral agreement, which we did not vote on because we do not have a vote on a bilateral trade agreement with China. Guess what we discovered?

Let me give you an example. Automobiles: After a long phase-in, we have decided—our negotiators agreed with the Chinese negotiators—we would have a 2.5 tariff on Chinese vehicles being sent into the United States, and China could have a 25-percent tariff on the United States vehicles sent to China. In other words, our negotiators sat down with the Chinese, with whom we had a \$60 billion deficit, and we said to them: OK, we will agree to this deal. You go ahead and impose a tariff on U.S. cars sent to China that is 10 times higher than the tariff we will impose on any Chinese cars you send to the United States, and we will sign that agreement. That is what our negotiators said. So that is our agreement.

I don't know, my feeling is these negotiators need to wear jerseys. They do in the Olympics. The jerseys should say: USA. At least they could look down, from time to time, and understand on whose behalf they are negotiating. They can say: Oh, yeah, that is who I represent. That is whose interests I represent, and not be bashful about standing up for our economic interests.

By what justification ever should we agree to this sort of one-sided agreement: T-bones in Tokyo, automobiles to Korea, potato flakes to Korea, high-fructose corn syrup to Mexico, durum wheat to Canada. I could tell stories for an hour about this. In each and every circumstance, it is this country signing up to a trade agreement that is fundamentally bad for our producers.

Our durum growers. I should, just for therapeutic purposes, spend 15 minutes to talk about unfair durum trade coming to us from the Canadian Wheat Board, which would be an illegal entity in this country, a state-sponsored monopoly that sends durum wheat into this country to undercut American farmers' prices, and then thumbs their nose at us when we say we want to see the prices at which you are selling because we believe they are violating our trade laws. I could spend a long time talking about that, about the day I went to the Canadian border with Earl Jensen in a 12-year-old, orange, 2-ton truck.

All the way to the Canadian border we met 18-wheel trucks carrying Canadian durum south into the United States.

So we got to the Canadian border, after meeting truck after truck, bringing Canadian durum south. We had 200 bushels of durum in Earl's little, orange truck, and the Canadians said: No, you can't come into Canada with 200 bushels of durum. Why not? Just because you can't. It is just the way life is. It is a one-way track across that border with durum wheat.

I will not go on further. I know my colleague wants to speak. That is all a precursor to say this.

My colleague, Senator BYRD, the other day, spoke about trade protection authority or fast track. In my judgment, what we ought to do is decide that we are going to stand up for this country's economic interests in international trade.

Don't give anybody any fast-track trade authority. Say, go negotiate some good trade agreements, bring them back here, and we will sign up to vote for them. First thing in the morning, count us as supporters. Go negotiate bad agreements, which you have done time and time and time again, and understand they won't see the light of day here because we are sick and tired of it.

I will not support fast track. We have been fast-tracked right into a huge hole, a trade deficit that has ballooned now to a \$450 billion merchandise trade deficit. I will not support fast track.

I agree with my colleagues, Senator BYRD and others: We need expanded trade. There is no question about that. I want to see global markets that are fair. I want to see opportunity for our farmers and our manufacturers around the world. But I also demand that we see trade agreements that step forward and protect this country's interests requiring fair trade. It is not fair trade with respect to movies in China, durum in Canada, high-fructose corn syrup with Mexico, cars in Korea, potato flakes in Korea and Mexico. It is not fair trade with autos in China. None of that is fair trade. There ought not be anybody who is nervous or worried about standing up and demanding fair trade with our trading partners around the world.

I have not spent much time on this, but I intend to in the coming days, if the House and the administration, buoyed by the success in Doha, Qatar, decide they want to try to bring enhanced trade authority to the Senate.

There is no problem at all negotiating trade agreements without fast track. The last administration wanted fast track. They didn't get it. But they said they negotiated 300 trade agreements. That means you can negotiate trade agreements without fast track. You just need to be careful to negotiate good ones because if you don't, you won't get them through the House and Senate.

The inability to have fast track actually promotes more responsibility on the part of those who are required to negotiate these trade agreements.

I wanted to follow on the remarks of Senator BYRD of 2 days ago on the subject of fast track. He and I and others will work very hard to try to see if we can't make some sense out of this mess, this trade problem that is now choking this country with very large trade deficits and is destroying manufacturing jobs and injuring this economy. We can do better than that even as we expand opportunities, even as we expand international trade. We can do better than that by standing up for fairness for American producers and farmers.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I did not intend to speak on this subject, but since the Senator from North Dakota has raised it, it is important to put all of this in perspective. Matters could be much better, but they are not quite as bleak as outlined by my good friend from North Dakota, not in my judgment. It is clear that other countries still intend to take greater advantage of America in trade matters than we do of them.

We are a country of the world. There are other countries of the world. We have our views. They have their views. We have our social structure. They have theirs. It is incumbent upon us to find a way to be effective in protecting our American interests.

Because the Senator from North Dakota might find this interesting, I would like to talk about beef, and beef with Japan and Korea, for that matter. I have forgotten how many years ago—it must have been maybe 10, 12 years ago—Japan had a quota on foreign beef into Japan. It amounted to, if I recall, about 28,000 tons of hotel/restaurant-cut beef. That is a quota on all beef coming to Japan. That is American, Australian, and Argentine beef. That amounted to one 6-ounce steak per Japanese person per year—a very strong, tight quota against American beef sales in Japan.

At the same time, we Americans imported considerably more pounds of beef than we exported worldwide. We imported far more beef worldwide—lower cut grades for hamburgers and other things—than we exported.

I decided I wanted to do something about the problem with Japan. I tried everything under the Sun. I remember in the Mike Mansfield Room—Senator Mansfield was Ambassador to Japan, very highly regarded, very revered—I said: Why don't I invite the Japanese diplomatic corps up to the Mansfield Room and we will show to them how good Montana beef is. We will do all we can to get that quota reduced or eliminated.

That was naive. Nothing happened. I might say, one member of the Japanese Parliament had the audacity to say the reason they have a quota on foreign beef is that their digestive system can't handle foreign beef. It is total nonsense.

At the same time, maybe a few years earlier, we had a difficult time importing American skis into Japan, and their excuse then was: Well, Japanese snow is a little different. That is why we can't take American skis. They were totally ludicrous arguments.

I decided I had had it with the Japanese on beef. So I had a press conference over in the Hart Building, and about 20 Japanese journalists showed up. I had a button on me. The button said, "I have a beef with Japan." And I said to the Japanese, very respectfully, trade has to be a two-way street. I said: Japan, we take a lot of your products. We take your VCRs, we take your Hondas, we take your Seiko watches, and you don't take our beef. Trade has to be a two-way street. It can't be one way. As you can see, it is one way. It is not right, and I am going to do what I can to stop that.

At about that time, there was legislation on the Senate floor called domestic content legislation. That legislation required a certain percentage of content, manufacture, and assembly of autos in America to be American content, not foreign. It was domestic content legislation. At that point, I did not favor that legislation. I thought it was too prescriptive. It was wage/price controls—too controlling—although I agreed with the purport and the direction it was going.

I said: If you don't take American beef, I am going to go right to the Senate floor and do all I can to get that domestic content legislation passed because that will be two way; that will be fair.

My gosh, I could see scribbling of all kinds of notes, cameras going on. The next day there was a big article about my statement in the Japanese newspapers. My photo was in the Japanese newspapers. I can't read Japanese, but I know basically what I had said.

Guess what. Within a couple of weeks, the Japanese sat down at the bargaining table. Mike Armstrong was our trade negotiator at the time. They needed to negotiate, and they agreed to eliminate that quota entirely. But they did replace it with a 70-percent tariff. That is pretty high, but at least our industry said: That is great; the quota is eliminated. We can start importing beef into Japan.

I go over to Japan a couple, three times. I know about two words in Japanese. I learned this one. It is "Oishii," which means delicious. I would stand in front of the Japanese cameras and say: American beef is Oishii, delicious. At the same time, a Japanese polling company showed that the Japanese housewives and Japanese citizens of Tokyo wanted American beef by far. Under the Japanese constitution, because the rural districts have disproportionate voting power, they want to protect themselves. That is why they had that quota. The quota was eliminated, replaced with a 70-percent tariff.

We also agreed to bring that tariff down. The Senator from North Dakota says it is now down to around 28 percent. That could well be. It is my recollection that eventually that tariff will be down at a lower rate. The point is that we have made progress with Japan. We now, by the way, export more beef overseas than we import. That line was crossed about 2 years ago. So there is progress.

These things are more complicated than meets the eye. But we certainly have a lot more to do and further to go. As in the Korean situation, Korea had this provision—this was about 2 years ago—called the shelf life law. They wouldn't let boats unload beef products, canned beef, for over 2 weeks. Their distribution system wouldn't let foreign beef get to the grocery stores. That was bad beef under Korean law.

The Korean Prime Minister was, for about 2 or 3 months, coming over to the United States.

So I got ahold of him. I said: Mr. Ambassador, your Prime Minister is coming over. I have a letter signed, with many Senators cosigning who are opposed to this. I don't think you want your Prime Minister to come over when we are getting up on the Senate floor being critical of Korea.

He got the message. Within 2 weeks, they repealed the provisions and allowed in American beef.

So it is important for us to think of how we can get this job done and make

sure these other countries play fair. If we work well in a concerted effort with the trade negotiators, we can get some things done. But I have also learned deeply that no country altruistically is going to lower a trade barrier. You need leverage.

I urge that as we move forward to protect American interests, we find the proper persuasion to help each other. I see the assistant majority leader anxiously waiting to seek recognition.

I yield the floor.

(Ms. CANTWELL assumed the Chair.)

Mr. REID. Madam President, I thank my friend. I extend my appreciation to the chairman of the Finance Committee, the senior Senator from Montana, who is so important to this institution.

#### UNANIMOUS CONSENT AGREEMENT—H.R. 1552

Mr. REID. Madam President, I ask unanimous consent that we now proceed to the consideration of Calendar No. 204, H.R. 1552, the Internet tax moratorium bill; that when the bill is considered, it be under the following limitations: that there be 20 minutes for general debate on the bill, with that time divided as follows: 5 minutes each for the chairman and ranking members of the Senate Commerce and Finance Committees, or their designees; that the only first-degree amendment in order be the following: an Enzi-Dorgan amendment regarding extension, on which there will be 60 minutes for debate prior to a vote in relation to the amendment; that if the amendment is not tabled, then Senator GRAMM of Texas be recognized to offer a relevant second-degree amendment to the Enzi-Dorgan amendment; that there be 20 minutes for debate prior to a vote in relation to the Gramm of Texas amendment, with no amendments in order, with all time equally divided and controlled between the proponents and opponents; that upon the disposition of all amendments, the use or yielding back of all time, the bill be read the third time, the Senate vote on passage of the bill, with this action occurring with no further intervening action or debate.

I further ask unanimous consent that the Enzi-Dorgan and Gramm of Texas amendments, which are at the desk, be the amendments in order under the provisions of this agreement.

The PRESIDING OFFICER. Is there objection?

The Senator from Minnesota.

Mr. WELLSTONE. Reserving the right to object, and I say to the whip that I will not object, I want to be clear that on the record tonight the Senate, in wrap-up, will proceed to Calendar No. 191, S. 739, the Homeless Veterans Improvement Act, which Congressman LANE EVANS and I have worked on for the last 3 weeks. There has been an anonymous hold. My understanding is that tonight this will pass in wrap-up without any objection.

Mr. REID. The Senator has our assurance that will be handled in wrap-up.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

#### INTERNET TAX NONDISCRIMINATION ACT

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 1552) to extend the moratorium enacted by the Internet Tax Freedom Act through November 1, 2003, and for other purposes.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. MCCAIN. Since I see the Senator from North Dakota here, I suggest that perhaps we could make our opening statements as part of the 60 minutes of debate on the Dorgan-Enzi amendment. If that is agreeable, I would be glad to do that. I move to modify the agreement that we move immediately to the Enzi-Dorgan amendment with the 60 minutes of debate equally divided.

The PRESIDING OFFICER. Is there objection?

Mr. BAUCUS. Madam President, reserving the right to object—

Mr. MCCAIN. I withdraw that. I will proceed with my statement. I was trying to save the Senate some time. Obviously, we will take more time in discussing whether I was saving the Senate time or not.

First, I ask unanimous consent to have printed in the RECORD a Statement of Administration Policy concerning H.R. 1552, the Internet Tax Nondiscrimination Act, from the President of the United States.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### H.R. 1552—INTERNET TAX NONDISCRIMINATION ACT

The Administration supports Senate passage of H.R. 1552. The Administration believes that government should be promoting Internet usage and availability, not discouraging it with access taxes and discriminatory taxes.

As passed by the House, H.R. 1552 extends the Internet tax moratorium enacted by the Internet Tax Freedom Act for two years. While a five-year extension would be preferable, a two-year extension will provide additional time to analyze the impact of e-commerce on local and State tax receipts while ensuring that the growth of the Internet is not slowed by new taxes.

The moratorium expired on October 21, 2001. The Administration supports rapidly reinstating the moratorium. The Administration encourages the Senate to pass H.R. 1552, without amendment, to enable its expeditious enactment into law.

It basically says that the administration supports Senate passage of H.R. 1552. He concludes by saying that the administration encourages the Senate to pass H.R. 1552, without amendment, to enable its expeditious enactment into law.

On Sunday, October 21, the Federal moratorium on Internet taxes expired.